

The Auditors Are Coming !!!

Tips on Surviving a Financial Audit

BUXAHATCHEE
CREEK

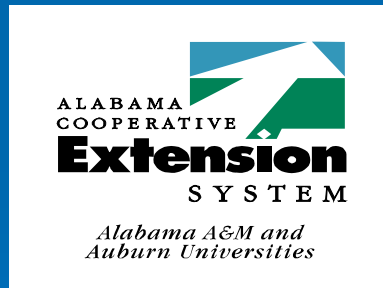
WATERSHED

Restoration Project

Environmental Protection Agency – Clean Water Act 319(h)
Grant Project

BUXAHATCHEE CREEK

Restoration Project Partners



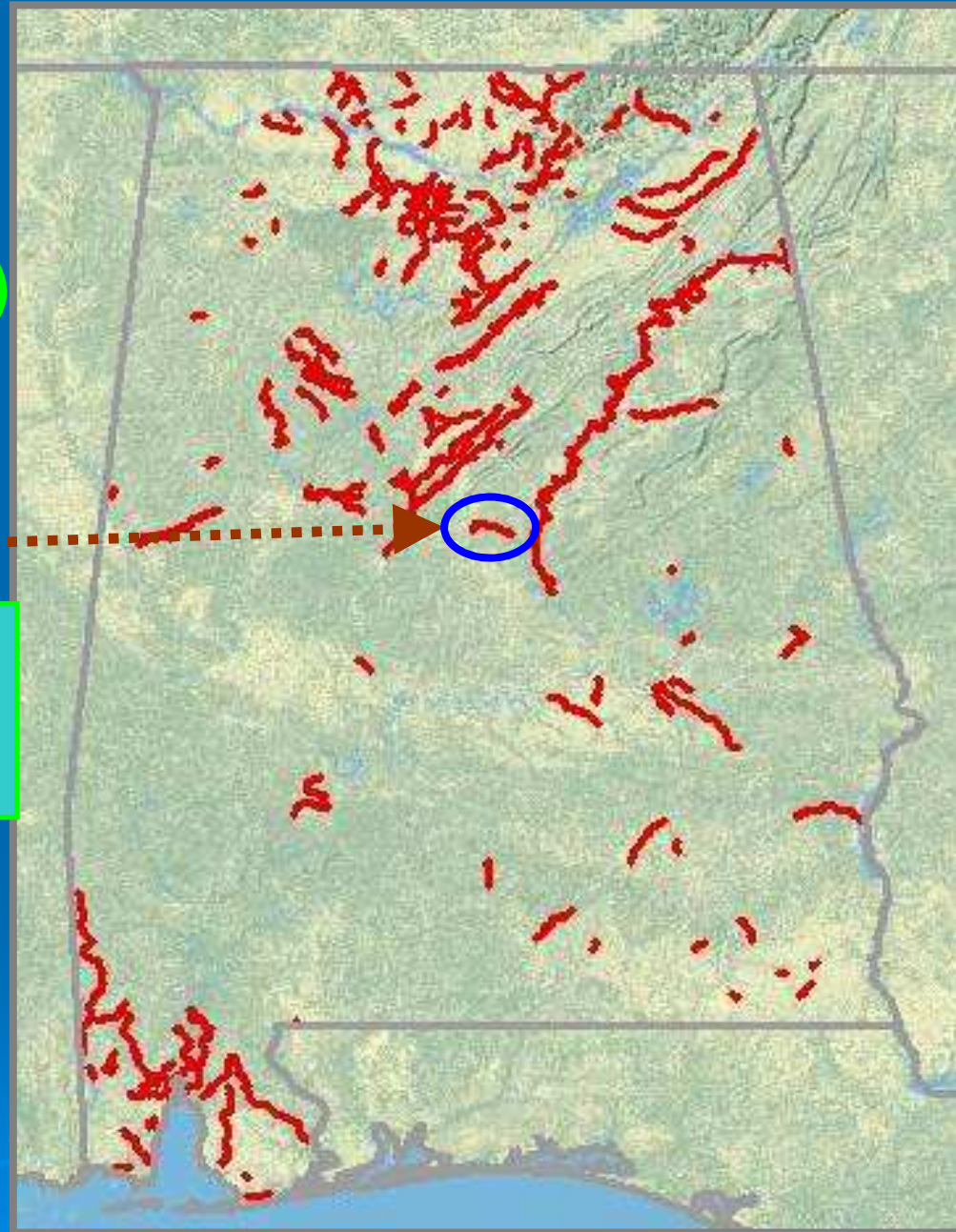
ALABAMA FORESTRY COMMISSION

PROTECT • SUSTAIN • EDUCATE

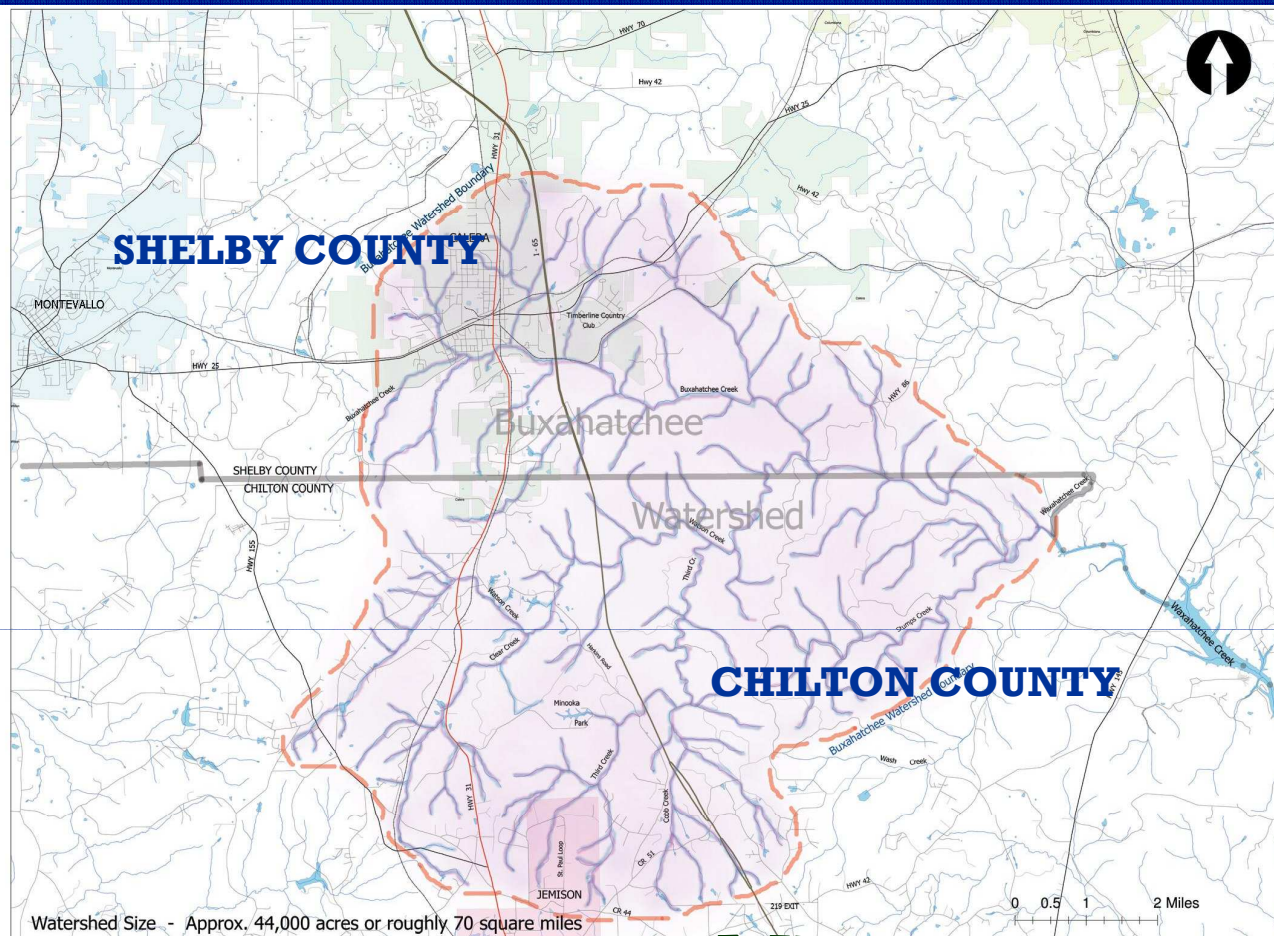
BUXAHATCHEE CREEK
Watershed

**Buxahatchee Creeks
intended usage is fish and
wildlife.**

The **EPA** designation **303(d)**
implies to waters that fail to
meet standards for quality
which makes them
unsuitable for their intended
usage.



Alabama's 303(d) listed waterways



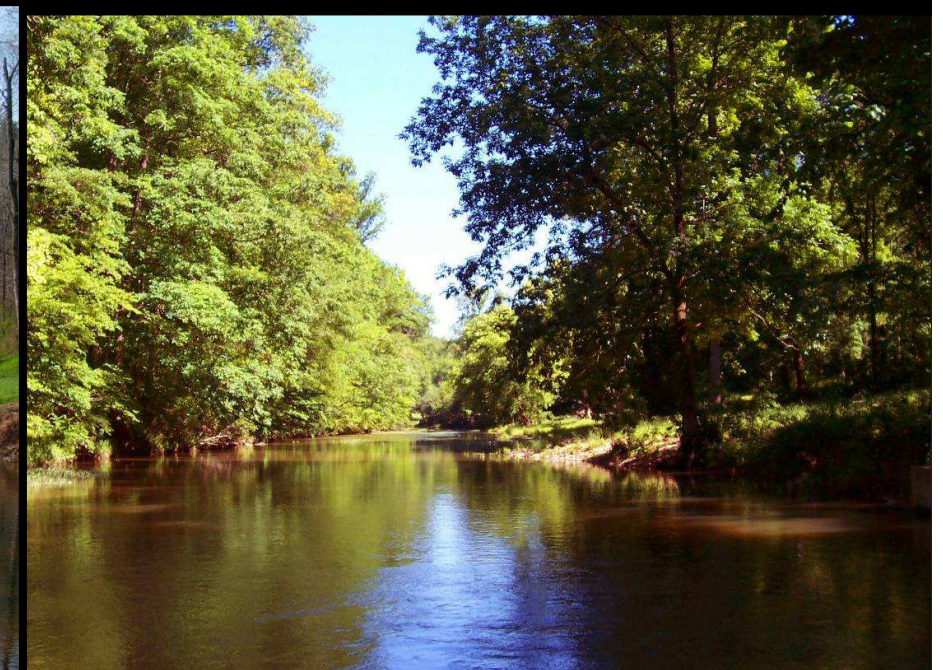
Buxahatchee Creek Watershed

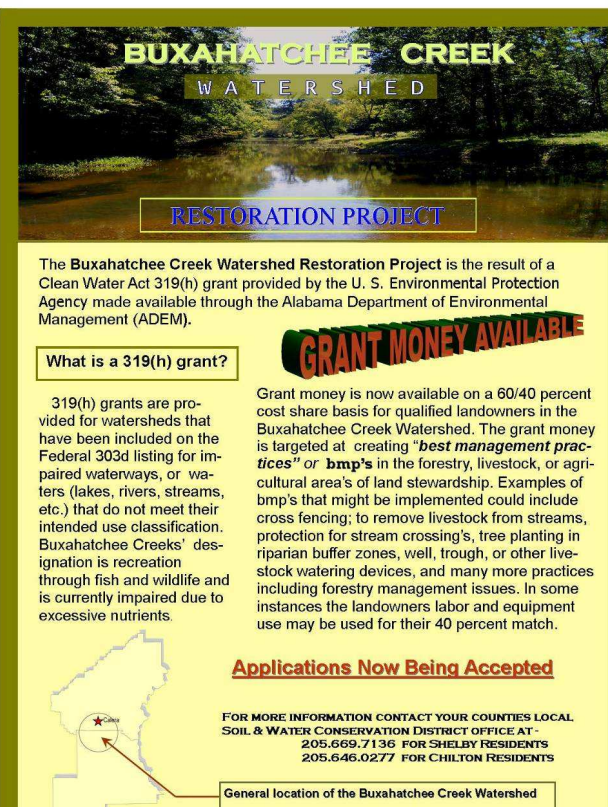
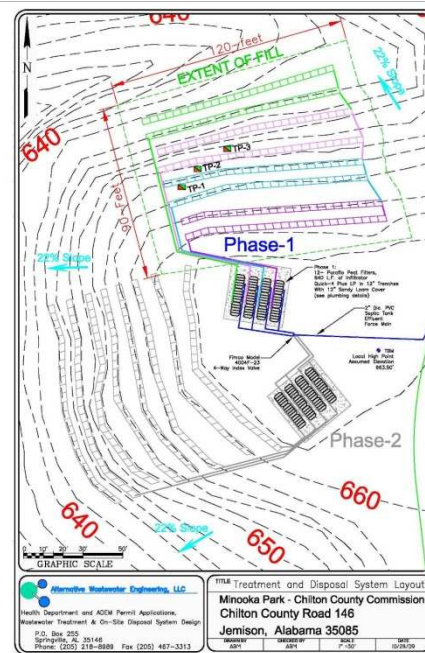
..Buxahatchee Creek flows approximately 13 miles

..drains an area of roughly 70 square miles or 44,551 acres

..is 71 % forested with most of that corporate lands

*..is a subwatershed for Waxahatchee Creek,
Lay Lake and the Coosa River*





Our grant management structure/flow

EPA Funding



ADEM 319 Program



Shelby County



CAWACO



Individual Projects



Shelby County's Role

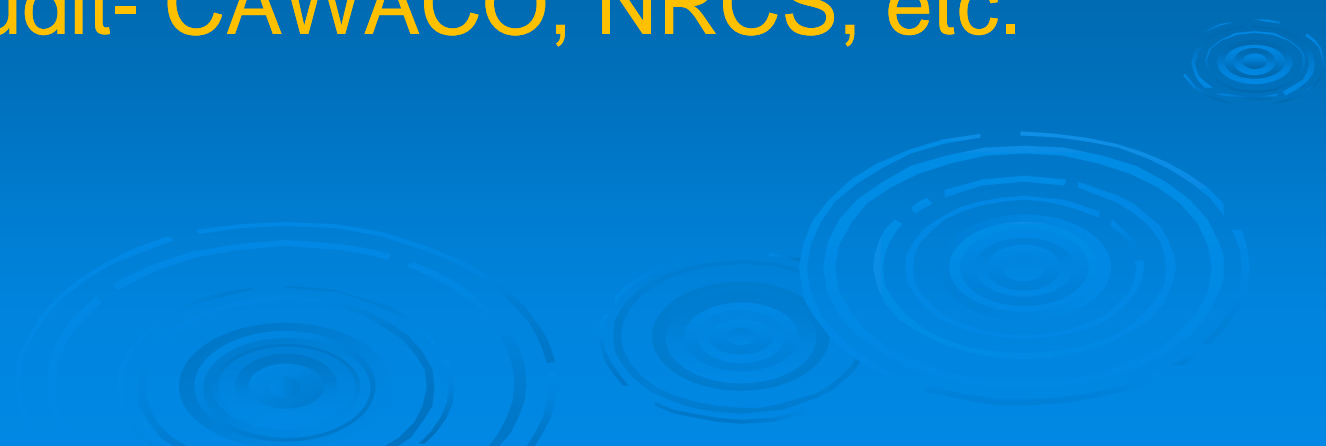
- Grant Agreement with ADEM—Shelby County carried the responsibility to insure all deliverables were met and funding was properly dispersed
- Accounting/Check writing activities
- Agreement with CAWACO



CAWACO's Role

- Agreement with Shelby County
- Management and performance of daily activities
- Accounting/Check writing Activities
- Documentation of “in-kind” matches and services
- Reporting

What can start a financial audit?

- EPA
 - US OMB
 - ADEM
 - County Audit (annual) – Examiners of Public Accounts
 - Agency Audit- CAWACO, NRCS, etc.
- 

How you feel at the beginning of the audit



"WE DON'T WANT YOU TO VIEW THIS AUDIT COMMITTEE
AS BEING IN ANY WAY CONFRONTATIONAL"

The initial call....

- Annual Audit of Shelby County by the State of Alabama Examiners of Public Accounts
 - Audit year was FY2011
 - Auditor selects individual grants to review
 - Comprehensive to include all aspects of the agreement, check writing, grant match, invoices, invoice back-up, etc.



What information does the financial auditor want to see?



What information does the financial auditor want to see?

- Grant Agreement
- Progress Reports filed with ADEM as required by the 319 grant
- Copies of all checks issued
- Invoices for all checks
- Supporting documents for invoices
- In-kind documentation/support
- Contracts-Bids-Quotes

Before the Audit: Audit Checklist

- Locate the project file and any supporting documentation
- Put documents in order-chronological or by check
 - HINT: They should be in order already !!!
- Confirm that all information is readily available



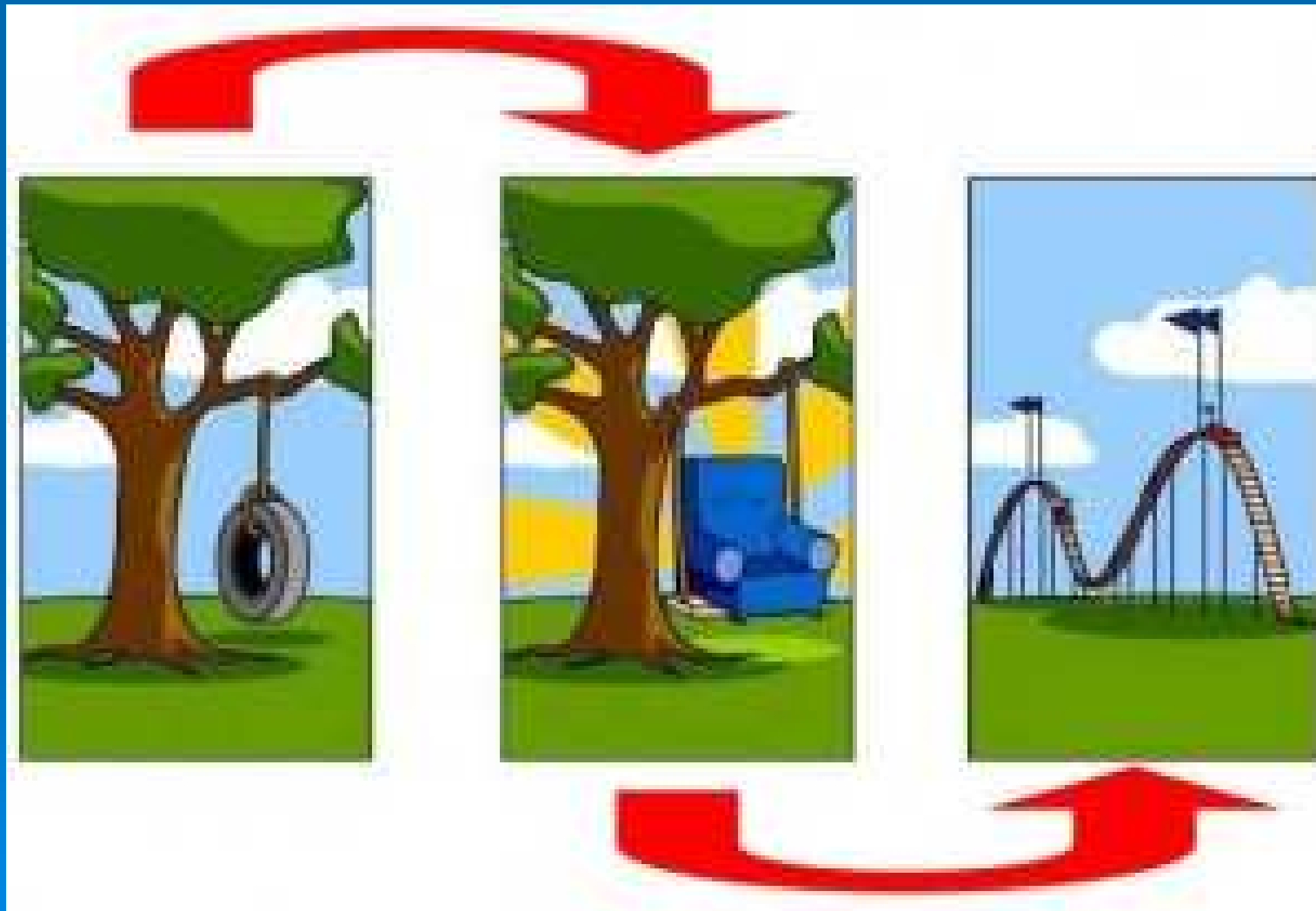
Let's begin at the beginning . . .

- The how well you survive the audit depends on how well you have:
 - Fulfilled grant requirements
 - Documented expense transactions
 - Documented match reported



Fulfill Grant Requirements

Avoid mission creep

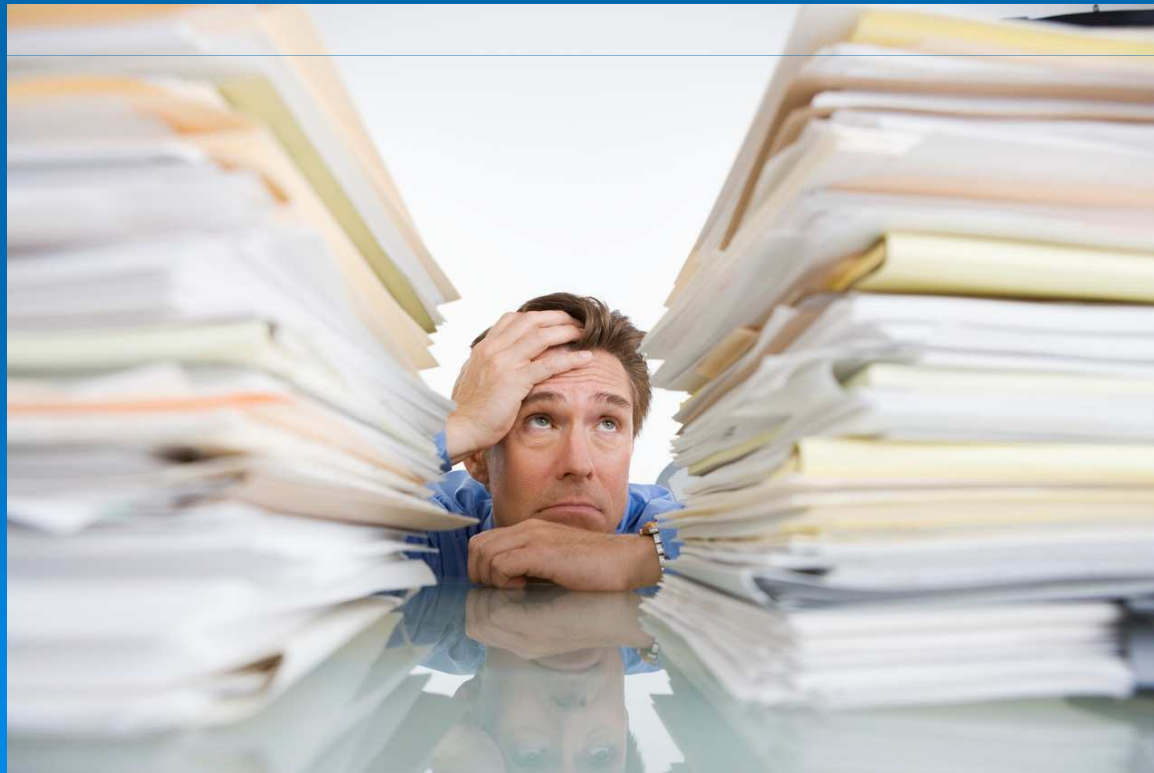


Only write checks for items in the budget which were approved by the Grantor




Document, Document, Document

- Expense transactions
 - Checks
 - Credit card transactions
- Match documentation



Expense documentation should include

Support
document

 Your company name here
Your company address line1 here
Your company address line2 here
Your company address line3 here

Your ZIP code here
Phone: 12345678 Mobile: 12345678

Customer Information: Page No. 2

PROFORMA INVOICE

Number: A000000
Date: 2010/7/27

Billing Address:		Shipping Address:	
Company:	Sample customer name 001	Company:	Sample customer name 001
Name:	C0001	Name:	C0001
Address:	Sample address line1 Sample address line2 Sample address line3	Address:	Ship to address line1 Ship to address line2 Ship to address line3


Shipping Method:

Order Information: Currency Dollar

Qty	Product Description	Amount Each	Amount
1.5	Stock item example description 001	1,000.00	1,500.00
1	Stock item example description 002	2,000.00	2,000.00
2	Service charge invoicing item 001	100.00	200.00
3	Service charge invoicing item 002	200.00	600.00
	Additional line 1 for this item		
	Additional line 2 for this item		

Notes:
Your self-defined note1 here
Your self-defined note2 here

Additional Information: For contract job ABC etc.

 **Karen Art Studio**
100 Somewhere Rd.
My City, CA 90000
(111) 111-1111

Your Bank Name
123 Bank Road
My City, CA 12345

No. 100659
Date

Pay To The Order Of \$

Memo:

SECURITY FEATURES INCLUDED. DETAIL ON BACK.

⑈000100659⑈ ⑆042000234⑆ 40071234567⑈

Match documentation should include

Quotes

Notes

Supporting documentation

Agendas and minutes

Sign in

Match calculations

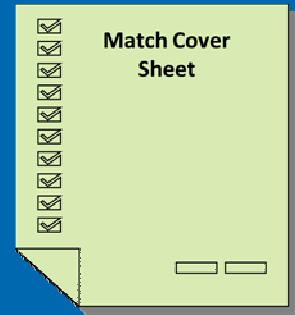
How did you
come up with
THAT
number?

Match Cover Sheet



Page 10 of 10

Match Example



What

Meeting to discuss possible BMP locations

Where

Shelby Co Environmental Services,
Columbiana, AL

When

June 15, 2010, 1pm – 3pm

Who

Chad Scroggins

How

4 attendees (sign-in sheet attached) x
2 hr x \$18.06 (current volunteer rate)

Purchasing Requirements

- Quotes
 - Item(s) under \$7,500
 - This is an aggregate amount
 - 1 quote required up to \$999
 - 2 quotes required from \$1,000 to \$2,999
 - 3 quotes required from \$3,000 to \$7,499
 - Always best to get 3 quotes for all items
- Requirement in contract

Purchasing Requirements

- All items \$7,500 or more
- Requires following Code of Alabama 1975 Section 41-16-20.
- Bids provisions listed through Section 41-16 and include:
 - Public postings and advertisements
 - Value Limitations
 - Describes process

Purchasing Contracts

- Professional Service Contracts
 - Between you and engineering, consulting, or special services groups
 - We recommend professional services contracts for all services performed....it can't hurt.
 - Limitation up to \$50,000

Purchasing Contracts

- Public Works Contracts
 - Over \$50,000
 - Code of Alabama 1975
Section 39
 - Requires bonds
 - Requires special statewide advertisement

**So.... You've been
informed that your
project will be audited**

**Don't forget the basics of
people and business**





"What makes you think I have something to hide?"

Responding to the Auditor

- Be pleasant
- Be helpful
- Be prompt providing the information
- Only provide the information requested



A view from the auditors standpoint.....

- May be the first time the auditor has reviewed a 319 grant
- Auditor may have no idea about environmental acronyms---EPA, ADEM, 319, NPS, BMPs, CAWACO

**Just when you
think it is
over.....**





"I haven't found anything wrong with
your books yet, but it's OK for you to
go ahead and worry a bit longer."

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How you feel at the END of the audit



"THAT'S THE LAST BOX TICKED - HAS ANYONE
ANYTHING FURTHER TO RAISE?"